

INTRODUCTION OF CASH BONDS

What is the change?

From 2 December 2015, mineral and extractive authority holders under the *Mineral Resources (Sustainable Development) Act 1990* have the option to pay a cash bond for sites with a total assessed rehabilitation liability of \$20,000 or less.

For sites with a total assessed rehabilitation liability of more than \$20,000, there is no change to the current bond payment method using a bank guarantee.

The introduction of cash bonds does not alter the current requirement for authority holders to provide a sufficient financial security that meets the total assessed rehabilitation liability of a site. It is simply another payment method available to smaller scale operators to provide the required financial security.

Why is this change being made?

The Victorian Government is committed to supporting the earth resources industry by providing contemporary services that benefit operators, the community and the environment. The option to provide cash bonds will relieve authority holders of small-scale operations from the complexities and transactional costs of organising a bank guarantee while ensuring sufficient financial security is in place to deliver site rehabilitation.

What is required from authority holders?

Authority holders have the option to make cash bond payments for bonds up to \$20,000 from 2 December 2015.

There is no requirement to use a cash bond, so authority holders with a bond liability of less than \$20,000 may continue to use a bank guarantee to meet their rehabilitation liability if they wish to.

Authority holders will not accrue interest on a cash bond payment while it is held by the State. As such, each authority holder needs to determine whether a cash bond or a bank guarantee is the best financial option for their situation.

How will Earth Resources Regulation (ERR) facilitate this change?

Cash bond payments of up to \$20,000 can apply where:

1. The authority holder contacts ERR and requests that their bond be changed from a bank guarantee to a cash bond; or
2. A new bond is required and the bond amount is advised in a letter; or
3. A revised bond amount is required following assessment of the rehabilitation liability by ERR. This amount is advised in a letter.

Where the authority holder advises ERR that they would like to opt for the cash bond, an invoice for the bond amount will be sent by the Department of Economic Development, Jobs, Transport and Resources. Do not forward the bond until the invoice has been issued by the Department.

The invoice will be paid by the authority holder and the bond amount will be held by the Department. Please note the bond cannot actually be paid in cash, but will be paid via electronic funds transfer or cheque.

Once the bond is received, it will be registered in the Department's online business portal, 'Resource Rights Allocation and Management' (RRAM).

Where there is an existing bank guarantee, it will be returned after the cash bond has been received and then registered in RRAM.

A bond must be registered for a site at all times. Penalties for not having a registered bond can include a notice to stop work and fines.

How will a cash bond be returned?

At the end of tenement or as required, the bond will be returned to the authority holder through the Department's finance system. Once the bond has been returned, this will be updated in RRAM.

Bond Reviews

Rehabilitation liability for all sites will continue to be reviewed by Earth Resources Regulation on a regular basis. This ensures that the bond held accurately reflects the potential liability associated with the site.

Further information

Further information is available on the website at energyandresources.vic.gov.au or please contact the tenements officer in your region on the telephone numbers below:

North West Region
+61 3 5430 4695

South West Region
+61 3 5336 6805

North East Region
+61 3 5761 1503

Melbourne Region
+61 3 9092 1971

Gippsland Region
+61 3 5160 9015